Why so often women receive lower salary then men, even when they are equally well educated and work in the same positions? Social science research provides striking results in this context. It seems that the major role is played by more or less conscious mechanisms of simplifications and stereotypes.

Leibbrandt and List (University of Chicago) exploited recruitment process of several American firms to verify whether differences in willingness to negotiate are determined by gender. Some of the candidates were informed that their future wage will be negotiated during job interview, the rest did not receive any information about negotiations. In the application candidates were asked to propose salary that they would like to earn. If the differences in willingness to negotiation were determined by gender, in each group we should observe that same range of wages. In turned out in the experiment that when candidates were informed about negotiation possibility, women declared on average higher proposed wages than men. Setting clear rules changed the direction of bias, that was considered as something certain – that women negotiate less.

Second mechanism that led to wages differentiation is… lack of consciousness that salaries are differentiated. Mechanism is extremely simple: lack of full knowledge about candidate or worker provides incentives to supplement these gaps with "cache memory" thoughts. Woman = mother. It means – she is going to spend time with children at home or, if finally will come to work - on calling a babysitter all day. The key example of stereotypes role is the result of an experiment on positive effect of physical attractiveness on wages in occupations in which appearance doesn't matter at all (Mobius and Rosenblat, University of Michigan). Following stereotypes while deciding on hiring and rewarding worker is as automatic and common, as taking them into account while assessing candidate for daughter's boyfriend or candidate for a roommate. The magic of the stereotypes is that we are mostly unaware that we follow them.

But not only stereotypes matter. Lack of a full information can be supplemented also with generalizations. We love to use averages! Deciding on Anna an John wages (they just both graduated from top university with distinctions in difficult and very popular major), employer can be tempted to protect oneself from Anna having a child in the future. For employer it means that she is going to be unavailable for work for at least a year. This kind of risk in the case of John is much, much smaller. Employer decides to pay 5200 of monthly John's wage, and 4800 of Anna's wage. The differences seems to be tiny, but in fact it is 8% of Anna's wage in the starting point. 8% is not a lot? Yeah, it is just one extra monthly salary per year! The only explanation of this difference is just potential motherhood of Anna.

Our project is going to study specific aspect of stereotypes and averages in the context of labor market inequality: to what extent information on workers productivity affect fairness of his or her salary?